



•Mulcahy Accounting & Risk Consulting•

## William J. Mulcahy, CIA

February 18, 2020

Audit Advisory Committee  
City of Brookhaven, Georgia

This report of the City Internal Auditor updates you on my activities since my last report. This report is divided into sections as follows:

1. 4th Quarter 2019 Internal Audit Report – Purchasing Cards
2. Status - Internal Audit Plan for 2019 by quarter, as approved by Mayor and City Council, after input from Audit Advisory Committee.
3. 1<sup>st</sup> Quarter 2020 – Interim Report Performance Audit - Spending on Bond proceeds
4. Internal Audit Plan for 2020

### **1. Internal Audit Report - Purchasing Card Process and Procedures Report –**

As part of the Internal Audit Plan, I performed the procedures listed below in the scope section on the City of Brookhaven's Purchasing Card program

#### **Scope –**

- a. Reviewed for reasonableness the City of Brookhaven, Purchasing Card Policies noting the policies provide for segregation of duties between purchase and approval.
- b. Reviewed on a test basis and found reasonable the form that card holders are responsible to review and sign that they know, understand and will comply with the policies.
- c. Reviewed the list of card holders, noting recognizable names and positions, and at the same time noting a proper segregation of duties between Program Administration, Accountant, and Purchaser responsibilities.
- d. Selected transactions for detailed review.

**Audit Summary** - In connection with the scope of my work described above, of the City of Brookhaven's purchasing card program, I identified no city expenditures or other financial matters that I as the internal auditor determined to be not in compliance with

- a. the provisions of the charter
- b. the applicable city budget, and
- c. applicable ordinances, resolutions, or other actions duly adopted under the provisions of the charter.

Note – in my internal audit report in January 2018, I made recommendations about the timeliness and completeness of documentation related to Purchasing Cards. I'm pleased to report those recommendations have been fully implemented. Further know that in 2019 charges came through on purchasing cards that had not been authorized by the card holder, and Brookhaven noted them immediately and had the charges reversed by the credit card company. This is the exact way internal controls should be handled.

## 2. Internal audit plan by Quarter for 2019

1<sup>st</sup> Quarter 2019 - Disbursements Operational area – Finance; Risk area – Financial.  
**Status - Complete**

2<sup>nd</sup> Quarter 2019 - Cash Handling and bank reconciliations, including Municipal Court and Police Operational area – Finance; Risk area – Financial. – **Status – Complete**

3<sup>rd</sup> Quarter 2019 – Performance Audit - Spending on Bond proceeds - Operational area – Compliance; Risk area – Regulatory. **Status – complete for 2019. But continuing throughout 2020 as funds are spent.**

4<sup>th</sup> Quarter 2019 – Purchasing Cards - Operational area – Finance; Risk areas – Financial and Reputational **Status – Complete, see above.**

## 3. 1<sup>st</sup> Quarter 2020 – Interim Report Performance Audit - Spending on Bond proceeds

**Performance Audit** - Spending on Bond proceeds - Operational area – Compliance; Risk area – Regulatory. While a performance audit is not required as the City Council waived the requirement in the bond documents, one is planned to provide oversight of the area. Per the State of Georgia Department of Audits and Accounts (DOAA) a performance audit attempts to answer these type questions,

- Is this program accomplishing its goals and objectives?
- How well does the program do what is intended to do?
- Is this program complying with all applicable laws and regulations?

The focus area this quarter was the program compliance with O.C.G.A. 36-82-4.2 (2010). Expenditures of bond funds for the purposes other than stated in public bond notice.

Selected this area based on a change at Lynwood Park moving from a lazy river as originally planned to a splashpad. The “Brookhaven Park Bonds Citizen Oversight Committee” which is an “Advisory” Committee discussed and approved the change at their May 7, 2019 and July 9, 2019 meetings. Change / update to the plan appropriately went to City Council and was approved in their January 2020 Update to the Master Plan.

**Conclusion** – the update approval by the Governing body (City Council) makes this change in compliance with the applicable laws and regulations.

**Status – Completed with no exceptions to date. Updates to continue throughout 2020 and beyond.**

#### **4. Internal audit plan by Quarter for 2020**

1st Quarter 2020 - Hotel Excise Tax – analytical review of collections

1<sup>st</sup> Quarter 2020 – Interim Report Performance Audit - Spending on Bond proceeds

2<sup>nd</sup> Quarter 2020 - Follow up on implementation of 2019 Cash Recommendation

2<sup>nd</sup> Quarter 2020 - Read / Review 12/31/19 CAFR before filing

2<sup>nd</sup> Quarter 2020 – Interim Report on Performance Audit - Spending on Bond proceeds

3<sup>rd</sup> Quarter 2020 - Accounts payable and purchasing procedures

3<sup>rd</sup> Quarter 2020 – Interim Report on Performance Audit - Spending on Bond proceeds

4<sup>th</sup> Quarter 2020 - Final Report on Performance Audit - Spending on Bond proceeds

4<sup>th</sup> Quarter 2020 - Procurement Card: This report will provide comments on the pcard Policy, oversight of the policy as well as detail tests on compliance with the policy.

Additional internal audits planned to be performed on a strategic sourcing basis mainly as a succession plan for the Internal Audit Function but also to gain additional internal audit coverage.

Any questions let me know.

Sincerely,

***William J. Mulcahy***

William J. Mulcahy, CIA  
City Auditor  
City of Brookhaven

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